



**APM AUTOMOTIVE HOLDINGS BERHAD**  
(Company No. 424838-D)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2012 - unaudited**

<i>In thousands of RM</i>	<b>Current Quarter Ended 30-Jun-12</b>	<b>Corresponding Quarter Ended 30-Jun-11</b>	<b>Cumulative Year To Date 30-Jun-12</b>	<b>Corresponding Year To Date 30-Jun-11</b>
<b>Revenue</b>	296,753	277,360	589,811	578,519
<b>Results from operating activities</b>	39,770	38,619	81,010	79,180
<b>Finance costs</b>	(36)	(279)	(424)	(531)
<b>Finance income</b>	2,809	2,738	5,761	5,013
<b>Profit before tax</b>	42,543	41,078	86,347	83,662
<b>Income tax expense</b>	(10,453)	(9,238)	(18,825)	(19,733)
<b>Profit for the period</b>	32,090	31,840	67,522	63,929
<b>Other comprehensive (expenses)/income, net of tax</b>				
Foreign currency translation differences for foreign operations	1,397	457	(804)	650
<b>Other comprehensive (expenses)/income for the net of tax</b>	1,397	457	(804)	650
<b>Total comprehensive income for the period</b>	33,487	32,297	66,718	64,579
<b>Profit attributable to :</b>				
Owners of the Company	29,517	28,069	62,088	55,832
Non-controlling interests	2,573	3,771	5,434	8,097
<b>Profit for the period</b>	32,090	31,840	67,522	63,929
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	30,915	25,938	61,384	54,630
Non-controlling interests	2,572	6,359	5,334	9,949
<b>Total comprehensive income for the period</b>	33,487	32,297	66,718	64,579
<b>Earnings per share</b>				
Basic (sen)	15.08	14.34	31.73	28.53
Diluted (sen)	N/A	N/A	N/A	N/A

*The above condensed consolidated statement of comprehensive income should be read conjunction with the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD**  
(Company No. 424838-D)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012 – unaudited**

<i>In thousands of RM</i>	<b>As at 30-Jun-12</b>	<b>As at 31-Dec-11</b>	<b>As at 1-Jan-11</b>
<b>Assets</b>			
Property, plant & equipment	222,932	246,021	240,153
Prepaid lease payments	7,497	7,649	6,320
Investment property	17,359	1,177	1,217
Development expenditure	2,075	799	936
Deferred tax assets	15,018	15,586	20,227
<b>Total non-current assets</b>	<b>264,881</b>	<b>271,232</b>	<b>268,853</b>
Inventories	171,907	163,609	176,293
Trade and other receivables, including derivatives	276,626 *	236,024	213,359
Assets held for sale	-	9,478	-
Cash and cash equivalents	392,868	393,637	351,207
<b>Total current assets</b>	<b>841,401</b>	<b>802,748</b>	<b>740,859</b>
<b>Total assets</b>	<b>1,106,282</b>	<b>1,073,980</b>	<b>1,009,712</b>
<b>Equity</b>			
Share capital	201,600	201,600	201,600
Reserves	667,191	640,949	556,088
Treasury shares	(12,790)	(12,786)	(12,776)
<b>Total equity attributable to owners of the Company</b>	<b>856,001</b>	<b>829,763</b>	<b>744,912</b>
<b>Non-controlling interests</b>	<b>28,516</b>	<b>25,298</b>	<b>30,359</b>
<b>Total equity</b>	<b>884,517</b>	<b>855,061</b>	<b>775,271</b>
<b>Liabilities</b>			
Deferred tax liabilities	2,977	2,765	4,789
Employee benefits	13,955	14,761	14,139
<b>Total non-current liabilities</b>	<b>16,932</b>	<b>17,526</b>	<b>18,928</b>
Trade and other payables, including derivatives	173,589	175,728	179,656
Short term borrowings	25,261	21,677	25,279
Taxation	5,983	3,988	10,578
<b>Total current liabilities</b>	<b>204,833</b>	<b>201,393</b>	<b>215,513</b>
<b>Total liabilities</b>	<b>221,765</b>	<b>218,919</b>	<b>234,441</b>
<b>Total equity and liabilities</b>	<b>1,106,282</b>	<b>1,073,980</b>	<b>1,009,712</b>
Net asset per share attributable to owners of the Company (RM)	4.37	4.24	3.81

\* The higher "Trade and other receivables, including derivatives" on 30 June 2012 was mainly due to higher sales toward the end of 2Q2012 which is within the credit terms and down payments for purchase of machinery.

*The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 JUNE 2012– unaudited**

	<b>Current Year to Date <u>30-Jun-12</u></b>	<b>Corresponding Year To Date <u>30-Jun-11</u></b>
<i>In thousands of RM</i>		
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	86,347	83,662
Adjustments for non-cash items	15,694	20,933
Changes in working capital	(42,725)	(32,669)
<b>Cash generated from operations</b>	<b>59,316</b>	<b>71,926</b>
Interest/Tax/Employee benefits/provision	(15,680)	(21,464)
<b>Net cash from operating activities</b>	<b>43,636</b>	<b>50,462</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	2,752	869
Acquisition of non-controlling interest	(5,568)	-
Acquisition of property, plant and equipment	(12,173)	(14,282)
Additions of development expenditure	(1,427)	(226)
Capital contribution from non-controlling interest	600	-
<b>Net cash used in investing activities</b>	<b>(15,816)</b>	<b>(13,639)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the company	(32,289)	(17,612)
Dividends paid to non-controlling interests	-	(20,813)
(Repayment)/drawdown of short-term borrowings	(3,972)	4,893
Drawdown/(Repayment) of trade loan	7,556	(4,463)
Purchase of treasury shares	(4)	(5)
<b>Net cash used in financing activities</b>	<b>(28,709)</b>	<b>(38,000)</b>
Net decrease in cash and cash equivalents	(889)	(1,177)
Effect of exchange rate fluctuations on cash held	120	1,639
Cash and cash equivalents at 1 January	393,637	350,805
<b>Cash and cash equivalents at the end of period</b>	<b>392,868</b>	<b>351,267</b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2012 - unaudited**

<i>In thousands of RM</i>	<----- Non-Distributable ----->				Distributable	Total	Non- controlling interests	Total equity
	Share capital	Treasury shares	Trans- lation reserve	Capital reserve	Retained profits			
<b>At 1-Jan-11</b>	201,600	(12,776)	-	(24,441)	580,529	744,912	30,359	775,271
Foreign currency translation								
difference for foreign operation	-	-	(1,202)	-	-	(1,202)	1,852	650
Profit for the period	-	-	-	-	55,832	55,832	8,097	63,929
Purchase of treasury shares	-	(5)	-	-	-	(5)	-	(5)
Dividend paid	-	-	-	-	(17,612)	(17,612)	(20,813)	(38,425)
<b>At 30 Jun-2011</b>	201,600	(12,781)	(1,202)	(24,441)	618,749	781,925	19,495	801,420
<b>At 1-Jan-12</b>	201,600	(12,786)	(943)	(24,441)	666,333	829,763	25,298	855,061
Foreign currency translation								
difference for foreign operation	-	-	(704)	-	-	(704)	(100)	(804)
Profit for the period	-	-	-	-	62,088	62,088	5,434	67,522
Purchase of treasury shares	-	(4)	-	-	-	(4)	-	(4)
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	(2,853)	(2,853)	(2,716)	(5,569)
Non-controlling interest capital contribution	-	-	-	-	-	-	600	600
Dividend paid	-	-	-	-	(32,289)	(32,289)	-	(32,289)
<b>At 30-Jun-2012</b>	201,600	(12,790)	(1,647)	(24,441)	693,279	856,001	28,516	884,517

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS)**

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS34: *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This Condensed Report is the Group's first MFRS compliant Condensed Report and hence MFRS1: *First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1)* has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**(a) Foreign currency translation reserve**

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM 2,525,000 as at 1 January 2011 were adjusted to retained earnings.

**(b) Deferred tax on reinvestment tax incentive**

In the previous years, the Group did not recognise deferred tax on unutilized reinvestment tax incentive.

Under MFRS 112, Income Taxes, the Group has now recognized the deferred tax assets arising from the unutilized reinvestment tax incentives.

**Reconciliation of financial position as at 1st January 2011**

<i>In thousands of RM</i>	<b>FRSs as at 1-Jan-11</b>	<b>Effect of Transition to MFRSs</b>	<b>MFRSs as at 1-Jan-11</b>
<b><u>Non current assets</u></b>			
Deferred tax assets	13,079	7,148	20,227
<b><u>Equity</u></b>			
Foreign currency translation reserve	(2,525)	2,525	-
Retained earnings	575,906	4,623	580,529

**Reconciliation of financial position as at 31st December 2011**

<i>In thousands of RM</i>	<b>FRSs as at 31-Dec-11</b>	<b>Effect of Transition to MFRSs</b>	<b>MFRSs as at 31-Dec-11</b>
<b><u>Non current assets</u></b>			
Deferred tax assets	10,236	5,350	15,586
<b><u>Equity</u></b>			
Foreign currency translation reserve	(3,468)	2,525	(943)
Retained earnings	663,508	2,825	666,333

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual periods beginning on or after</b>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint venture	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The operations of the Group were not affected by any seasonal or cyclical factors, other than the general economic environment in which the Group operates.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

NIL

**5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

NIL.

**6. DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases, resale or repayment of debts and equity securities in the current interim period and financial year to date, other than the following repurchase of shares by the Company:

<i>In thousands of RM</i>		
<b>Month</b>	<b>No. of shares repurchased</b>	<b>Total consideration</b>
Feb-12	1,000	4
<b>Total</b>	<b>1,000</b>	<b>4</b>

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. DIVIDENDS PAID**

The following dividend was paid to the shareholders during the current quarter and year to date.

<i>In thousands of RM</i>	<b>Current Quarter Ended <u>30-Jun-12</u></b>	<b>Corresponding Quarter Ended <u>30-Jun-11</u></b>	<b>Current Year To Date <u>30-Jun-12</u></b>	<b>Corresponding Year To Date <u>30-Jun-11</u></b>
Final dividend 2011/2010	32,289	17,612	32,289	17,612
Interim dividend 2012/2011	-	-	-	-
	<u>32,289</u>	<u>17,612</u>	<u>32,289</u>	<u>17,612</u>

**8. SEGMENTAL INFORMATION**

The Group's operating structure comprises the following strategic business divisions, each offering different groups of products or activities as described below:

- *Suspension Division, Malaysia:* comprises business in products such as leaf springs, parabolic springs, coil springs, shock absorbers, Gas Springs, U-bolts and metal parts.
- *Interior & Plastics Division, Malaysia:* comprises business in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums and cinemas.
- *Electrical & Heat Exchange Division, Malaysia:* comprises business in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts.
- *Marketing Division, Malaysia:* main activity is that of trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *Others, Malaysia:* comprises mainly operations related to the rental of investment properties in Malaysia, provision of management services for companies within the Group and provision of engineering and research services.
- *Operations Outside Malaysia:* comprises businesses in Indonesia, Vietnam and Australia

Performance of these operating segments is measured primarily on the gross sales and the profit before tax. The results by segments for the quarter are as follows:

*In thousands of RM*

	<b>30-Jun-12</b>		<b>30-Jun-11</b>	
	<b>Segment <u>Revenue</u></b>	<b>Profit/(loss) <u>before tax</u></b>	<b>Segment <u>Revenue</u></b>	<b>Profit <u>before tax</u></b>
Operations within Malaysia				
Suspension	58,824	6,239	58,642	6,002
Interior & Plastics	185,118	24,225	147,799	23,735
Electricals & Heat Exchange	60,760	4,658	67,094	6,884
Marketing	55,524	3,471	56,641	4,729
Others	7,410	1,327	9,227	(338)
Operations outside Malaysia	31,615	2,751	36,655	2
	<u>399,251</u>	<u>42,671</u>	<u>376,058</u>	<u>41,014</u>
Eliminations	(102,498)	(128)	(98,698)	64
	<u>296,753</u>	<u>42,543</u>	<u>277,360</u>	<u>41,078</u>

*In thousands of RM*

<b><u>Cumulative year to date</u></b>	<b>30-Jun-12</b>		<b>30-Jun-11</b>	
	<b>Segment <u>Revenue</u></b>	<b>Profit/(loss) <u>before tax</u></b>	<b>Segment <u>Revenue</u></b>	<b>Profit <u>before tax</u></b>
Operations within Malaysia				
Suspension	114,490	10,657	115,681	11,400
Interior & Plastics	374,902	50,172	336,937	50,567
Electricals & Heat Exchange	122,811	8,024	130,265	11,139
Marketing	102,263	6,774	105,005	9,125
Others	15,512	3,301	12,390	(940)
Operations outside Malaysia	60,376	6,814	72,742	2,788
	<u>790,354</u>	<u>85,742</u>	<u>773,020</u>	<u>84,079</u>
Eliminations	(200,543)	605	(194,501)	(417)
	<u>589,811</u>	<u>86,347</u>	<u>578,519</u>	<u>83,662</u>

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**9. RELATED PARTY DISCLOSURES**

The following is significant related party transactions:-

*In thousands of RM*

<u>With TCMH Group</u>	<u>Current Quarter Ended 30-Jun-12</u>	<u>Corresponding Quarter Ended 30-Jun-11</u>	<u>Cumulative Year To Date 30-Jun-12</u>	<u>Corresponding Year To Date 30-Jun-11</u>
Sales of goods	33,522	21,439	57,389	54,955
Rental income	408	71	512	142
Insurance agency services	(147)	(528)	(1,397)	(2,294)
Rental expense	(4)	(1)	(5)	(2)
Purchase of goods and services	(1,421)	(1,592)	(3,686)	(3,595)
Administrative and consultancy services	-	(2)	-	(4)

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Tan Chong Motor Holdings Bhd and its subsidiaries ("TCMH Group").

**10. CASH AND BANK BALANCES OF THE GROUP**

<i>In thousands of RM</i>	<u>As at 30-Jun-12</u>	<u>As at 31-Dec-2011</u>	<u>As at 01-Jan-11</u>
Cash and bank balances	38,737	25,365	58,813
Deposits placed with licensed banks	354,131	368,272	292,394
	<u>392,868</u>	<u>393,637</u>	<u>351,207</u>

**11. CAPITAL COMMITMENTS**

*In thousands of RM*

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
Authorized but not contracted for	2,730	12,360
Contracted but not provided for	16,734	17,577
<b>Total</b>	<u><b>19,464</b></u>	<u><b>29,937</b></u>

**12. CONTINGENT ASSETS AND LIABILITIES**

There were no contingent assets and no changes in the contingent liability since 31 December 2011.

**13. CHANGES IN COMPOSITION OF THE GROUP**

On 17 April 2012, the Company incorporated a wholly-owned subsidiary PT. APM Auto Components Indonesia ("PT. APMACI"). PT. APMACI is a limited liability company with an authorized share capital of US\$10,000,000 comprising 10,000,000 shares each having a nominal value of US\$1.00. The total issued and paid-up share capital will be US\$8,000,000 and will be subscribed for by two of the Company's 100% owned investment holding companies –

APM Automotive International Ltd	- 6,400,000 shares (80%)
Auto Parts Holdings Sdn Bhd	- 1,600,000 shares (20%)

The principal activities are manufacture and distribution of automotive heat exchange products, namely, air-conditioning cooling system, evaporators, condensers, cooling modules and radiators for the Indonesian market.



#### **14. OPERATING SEGMENTS REVIEW**

##### **Group Review** **2Q12 vs. 2Q11**

The Group's 2Q12 turnover of RM296.75 million was 7.0% higher than 2Q11 of RM277.36 million, mainly due to higher TIV in 2Q12 by 17.2% compared to 2Q11 ( 162,680 vs 138,771, as announced by Malaysian Automotive Association).

The Group's 2Q12 profit before tax (PBT) of RM42.54 million was higher than 2Q11 of RM41.08 million by 3.6%, mainly due to higher sales, off-set by relatively higher parts and key materials costs.

##### **YTD 2012 vs YTD 2011**

Turnover for YTD 2012 of RM589.81 million was higher by 2.0% compared to YTD 11's turnover of RM578.52 million, mainly riding on higher total industry volume which increased by 1.4% (301,224 vs 297,203, as announced by Malaysian Automotive Association).

Profit before tax for YTD 2012 increased by 3.2% to RM86.35 million from RM83.66 million in YTD 2011. This increase was mainly contributed by the 2.0% higher turnover.

##### **Segmental Review**

###### **Suspension**

The Suspension Division recorded a revenue of RM58.82 million in 2Q12, an increase of 0.3% compared to RM58.64 million in 2Q11, mainly due to higher sales to original equipment manufacturers and in recovering from last year Thailand flood and increase in export sales to South America, off-set by deteriorating export sales to European countries due to Eurozone's uncertain economic outlook.

PBT for 2Q12 recorded RM6.24 million, a slight increase compared to RM6.00 million in 1Q11.

The first half of 2012 revenue recorded RM114.49 million, a slight drop of 1.0% compared to RM115.68 million in first half of 2011, mainly due to lower demand from European countries as a result of Eurozone's economic uncertainty.

PBT for first half of 2012 recorded RM10.66 million, lower by 6.5% compared to RM11.40 million in first half of 2011 mainly due to weaker Malaysian Ringgit and higher steel cost.

###### **Interior & Plastics**

Revenue for Interior and Plastics Division recorded RM185.12 million in 2Q12, an increase of 25.3% compared to RM147.80 million in 2Q11, mainly due to lower sales in 2Q11 impacted by tsunami in Japan which disrupted the supply-chain.

PBT in 2Q12 recorded RM24.23 million, an increase of 2.1% compared to RM23.74 million in 2Q11, mainly due to higher sales and partly off-set by higher materials cost.

Revenue for first half of 2012 recorded RM374.90 million, an increase of 11.3% compared to RM336.94 million in first half of 2011, mainly due to higher total industry volume in first half of 2012.

PBT for first half of 2012 recorded RM50.17 million, a slight drop compared to RM50.57 million in first half of 2011, mainly due to higher materials cost in first half of 2012.

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN**  
**MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**Electrical & Heat Exchange**

The Electrical & Heat Exchange Division recorded sales of RM60.76 million in 2Q12, a drop of 9.4% compared to RM67.10 million in 2Q11, mainly due to softer heat exchange's business resulting from lower OEMs' vehicles sales because of tighter hire purchase loans approval process by the financial institutions.

PBT for 2Q12 of RM4.66 million was lower than RM6.88 million in 2Q11 by 32.3%, mainly caused by higher importation costs of parts denominated in Japanese Yen and lower OEM's sales.

Revenue for YTD 2012 recorded RM122.81 million, a decrease of 5.7% compared to RM130.27 million for YTD 2011. Lower OEMs' sales deteriorated Heat Exchange's revenue.

PBT for YTD 2012 recorded RM8.02 million, dropped by 28.0% from YTD 2011 of RM11.14 million, mainly due to higher importation of parts cost and lower OEM's sales.

**Marketing**

This Division recorded revenue of RM55.52 million in 2Q12, a decline of 2.0% compared to RM56.64 million in 2Q11. Lower demand from European countries and the weakening of Euro as a result of Eurozone economic uncertainty have contributed to the decline.

The Division registered a PBT of RM3.47 million, a decline of 26.6% compared to RM4.73 million in 2Q11, mainly due to lower sales and weaker Euro.

For first half of 2012, revenue recorded RM102.26 million, fell by 2.6% over the first half of 2011 of RM105.01 million.

PBT for first half of 2012 recorded RM6.77 million compared to RM9.13 million in first half of 2011, a drop of 25.8%. The decline in first half 2012 revenue and PBT was mainly due to lower demand from Euro Zone and weakening of Euro.

**Others, Malaysia**

This segment comprises mainly operations relating to the rental of properties in Malaysia, provision of management services, engineering and research services for companies within the Group. The revenue streams were mainly rental and services fee charged within the Group and formed part of inter-segment elimination for the total Group's results (as depicted in Note 8).

**Operations outside Malaysia**

Operations outside Malaysia recorded a revenue of RM31.62 million in 2Q12, a decline of 13.7% compared to RM36.66 million in 2Q11. The lower revenue was mainly due to the dilution of the Group's effective shareholding in a jointly-controlled entity in Indonesia and the divestment of radiator business in Australia.

The segment's PBT of RM2.75 million in 2Q12 was significantly higher than 2Q11 which was recorded as slightly above breakeven.

YTD 2012's revenue for operations outside Malaysia recorded RM60.38 million, a drop of 17.0% compared to YTD 2011 of RM72.74 million mainly due to the dilution of the Group's effective shareholding in a jointly-controlled entity in Indonesia and the divestment of radiator business in Australia.

The YTD 2012's PBT of RM6.81million was significantly higher than YTD 2011's PBT of RM2.79 million, mainly due to stabilisation of local currencies exchange in the operating countries and improvement in local markets' business development.

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**15. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

There was no material change to the Group's performance. Group revenue of RM296.75 million recorded in 2Q12 was 1.3% higher than the RM293.06 million in 1Q12. The Group's PBT of RM42.54 million in 2Q12 declined by 2.9% from RM43.80 million in 1Q12.

The lower PBT in 2Q12 was mainly due to higher importation cost for both Japanese Yen, USD denominated parts and materials.

**16. COMMENTARY ON PROSPECTS AND TARGETS**

The Malaysian Automotive Association has forecasted total industry volume would maintain growth by 2.5% to 615,000 units in 2012 from 600,123 units in 2011. Among the challenges for the automotive industry are Malaysia's GDP growth, which is expected to moderate from 5.1% in 2011 to between 4.0% - 5.0% in 2012, uncertainty in the global economic outlook, weakening of the RM against the major trading currencies, upward price trend in parts and key raw materials. However, the Group is cautiously optimistic that its performance will be satisfactory.

**17. INCOME TAX EXPENSE**

The Group's effective tax rate is lower than the statutory tax rate due mainly to the availability of tax incentives.

<i>In thousands of RM</i>	<b>Current Quarter Ended 30-Jun-12</b>	<b>Corresponding Quarter Ended 30-Jun-11</b>	<b>Cumulative Year To Date 30-Jun-12</b>	<b>Corresponding Year To Date 30-Jun-11</b>
<b><u>Current tax</u></b>				
- Current year	(9,017)	(8,013)	(18,458)	(18,408)
- Prior year	439	13	431	(9)
<b><u>Deferred tax</u></b>				
- Current year	(1,173)	(1,850)	(132)	(1,920)
- Prior year	(698)	690	(649)	687
Withholding Tax	(4)	(78)	(17)	(83)
	<u>(10,453)</u>	<u>(9,238)</u>	<u>(18,825)</u>	<u>(19,733)</u>

**18. CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the reporting date.

**19. RETAINED EARNINGS**

<b>(RM'000)</b>	<b>As At 30-Jun-12</b>	<b>As At 31-Dec-11</b>
Total retained profits/(accumulated losses) of the company and its subsidiaries		
- Realised	670,110	651,155
- Unrealised Gain/(Loss)	16,857	4,941
	<u>686,967</u>	<u>656,096</u>
Total share of retained profits/(accumulated losses) of jointly-controlled entities		
- Realised	23,313	20,333
- Unrealised Gain/(Loss)	650	405
	<u>23,963</u>	<u>20,738</u>
Consolidation adjustments	(17,651)	(10,501)
Total group retained profits as per consolidated accounts	<u>693,279</u>	<u>666,333</u>

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**20. BORROWINGS AND DEBT SECURITIES**

<i>In thousands of RM</i>		<b>Current Quarter Ended <u>30-Jun-12</u></b>	<b>As at <u>31-Dec-11</u></b>
Unsecured	- Trade loan	17,048	9,492
	- Short term borrowings	8,213	12,185
		<u>25,261</u>	<u>21,677</u>
Amount due within the next 12 months		25,261	21,677
Amount due after the next 12 months		-	-
		<u>25,261</u>	<u>21,677</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		<b>Current Quarter Ended <u>30-Jun-12</u></b>	<b>As at <u>31-Dec-11</u></b>
<u>Currency</u>	<u>Denominated In</u>		
RM	RM	12,027	8,738
AUD	USD	-	754
USD	USD	8,213	8,975
IDR	IDR	5,021	3,210
		<u>25,261</u>	<u>21,677</u>

Functional currency of borrowing entities in Malaysia are denominated in RM while functional currency of borrowing entities outside Malaysia are denominated in currencies of the respective countries in which they are operating.

**21. CHANGES IN MATERIAL LITIGATION**

There was no material litigation against the Group as at the reporting date

**22. PROPOSED DIVIDEND**

The Board of Directors has declared an interim dividend of 10% less 25% income tax for the year ending 31 December 2012 (2011 – 10% less 25% income tax). The dividend amounting to approximately RM 14,677,000 will be paid on 28 September 2012. The entitlement date for the interim dividend will be 5 September 2012.

A depositor will qualify for the entitlement to the dividend only in respect of:

- (1) Shares transferred into the depositor's securities account before 4:00 p.m. on 5 September 2012 in respect of ordinary transfers; and
- (2) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

**23. EPS**

The calculation of basic earnings per share for the periods is based on the net profit attributable to ordinary shareholders of the periods and the weighted average numbers of ordinary shares outstanding during the periods as follows:

<b>Weighted average number of ordinary shares('000')</b>	<b>Current Quarter Ended <u>30-Jun-12</u></b>	<b>Corresponding Quarter Ended <u>30-Jun-11</u></b>	<b>Cumulative Year To Date <u>30-Jun-12</u></b>	<b>Corresponding Year To Date <u>30-Jun-11</u></b>
Issued ordinary shares at beginning of the period	195,690	195,692	195,691	195,693
Effect of shares buyback during the period	-	-	(1)	(1)
<b>Weighted average number of ordinary shares</b>	<u><b>195,690</b></u>	<u><b>195,692</b></u>	<u><b>195,690</b></u>	<u><b>195,692</b></u>

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**24. Notes to the Condensed Consolidated Income Statement**

Profit before tax is arrived at after (charging)/crediting the following items:

Notes to the Condensed Consolidated Income Statement

Profit before tax is arrived at after (charging)/crediting the following items:

*In thousands of RM*

	<u>Current Quarter Ended 30-Jun-12</u>	<u>Corresponding Quarter Ended 30-Jun-11</u>	<u>Cumulative Year To Date 30-Jun-12</u>	<u>Corresponding Year To Date 30-Jun-11</u>
Interest income	2,809	2,738	5,761	5,013
Other income including investment income	1,569	1,166	5,696	1,877
Interest expense	(36)	(279)	(424)	(531)
Depreciation and Amortization	(9,321)	(8,785)	(18,640)	(18,799)
Provision of and write off receivables	1	(82)	281	(20)
Provision of and write off inventories	(34)	(319)	1,069	(277)
Gain or (loss) on disposal of quoted and unquoted investment and property	109	(51)	552	(60)
Impairment of assets	254	-	254	-
Foreign exchange gain or (loss)	(826)	283	685	816
Gain or (loss) on derivative	289	(193)	(1,761)	(215)
Exceptional items	-	-	-	-

**25. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.

**BY ORDER OF THE BOARD**

**Lee Yuen Lin**  
Company Secretary

Kuala Lumpur  
15 Aug 2012